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## PSYCHOLOGICAL CONTRACT IN NON-GOVERNMENTAL ORGANIZATIONS

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**Abstract**

The present research investigates the influence of type of organization on type of Psychological Contract. Additionally, this study seeks to examine if the relational type of Psychological Contract is prevalent in Non-governmental organizations. In the research were involved 63 employees from Private, 64 from Public and 44 from Non-Governmental Organizations. Participants were asked to evaluate what they believe were their own, employer's and organization's obligations. As a result, it was found a positive relationship between types of organization and types of Psychological Contract. Additionally, it was found that in Non-governmental organizations predominant types of contract are balanced and relational.

**Keyword:** Non-governmental organizations, non-profit sector, Psychological Contracts.

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## **1. Introduction**

In the last decades, globalization, strong market competition and use of new technologies made relevant changes in the market. In order to face new challenges and achieve business goals, organizations were forced to transform their strategies. As a result of these changes, human resources became more valued and recognized as “key business drivers”, according to Chartered Institute of Personnel and Development (2005), and front-line employees are the first responsible for the added value of organizations. Thus, organizational agents develop new human resources policies and practices in order to prepare and orient employees to the achievement of organization’s goals and strategies, according to Miles and Snow (1984) cited in Bellou (2007). At the same time these human resources policies and practices influence employees’ formation of Psychological Contracts (PC)<sup>1</sup>.

The concept of PC captures the attention of academics and human resources agents for several reasons. First of all, it represents the opportunity to identify the exchange relationship between employer and employee over time (Coyle-Shapiro & Kessler 2000). Second, PC is considered as an important element on the understanding of employees’ attitudes and behaviors within organizations (Conway & Briner 2000, Lester, Turnley, Bloodgood & Bolino 2002 cited in De Vos, Buyens & Schalk 2003). Third, studying PCs can help organizations to avoid contract breach (Robinson & Morrison 2000).

This study examines PC within profit and non-profit sectors, specifically, within Private, Public and Non-governmental organizations (NGO)<sup>2</sup> in Portugal. The reason to explore this subject was motivated by the existence of fewer researches in this field in

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<sup>1</sup> From now PC will appear as abbreviation of the Psychological Contract

<sup>2</sup> From now NGO will appear as abbreviation of the Non-Governmental Organization

Portugal and limited research relatively to the existing differences in PC among these three types of organizations. Thus, the central goal of the study is to investigate what is the role of organization's type on the creation of employees' perceptions (Problem 1). The objective consists of exploring if the type of organization influences the formation of specific type of PC.

Other important issue is to determine if at NGOs employees generally form relational type of PC (Problem 2). Due to the general concept of NGO's, their purpose and values, workers seem to establish close ties within organization and, additionally, in NGOs prevail family-friendly policies (Lee & Wilkins 2011) that, we suggest, can positively influence employees' perceptions and provoke development of feeling of loyalty and stability.

This study provides some part of theoretical framework, including the principal concepts and existing types of PCs; explains the methodology used; demonstrates how the data was analyzed and offer the main conclusions.

## **2. Theoretical framework**

### *2.1 Psychological Contract*

Organizations and employees establish between them written and/or oral contracts which execute the role of pillars in employment relations, forming the basic contributions and inducements according to Bernard (1973), cited in Rousseau (1989). The general concept of contracts is defined as promises made to individuals or organizations in exchange for some compensation that, simultaneously, are recognized by law (Farnsworth, 1982, Murray, 1974 in Rousseau, 1989).

The concept of PCs started to appear at works on social exchange theory of Argys (1960), Levinson *et al.* (1962) and Schein (1978, 1980), cited in Herriot, Manning & Kidd (1997). Levinson *et al.*, cited in Cullinane & Dundon (2006), defined PC as ‘a series of mutual expectations of which the parties to the relationship may not themselves be dimly aware but which nonetheless govern their relationship to each other’. On the other hand, Schein (1980), cited in Shore & Tetrick (1994), saw this concept as ‘depiction of the exchange relationship between the individual employee and the organization’.

The interest in PCs was growing and significant findings and innovations in this area were developed by Rousseau (1989, 1990). This author saw it as ‘individual beliefs in reciprocal obligations between employees and employers’. Her definition emphasized again the previous idea of exchange and expectations between two parties, however, she added to the concept the notion of personal belief, highlighting the individual level, leaving the organizational to the “background”. She focused on the one-side perspective, neither two-way exchange, and this way her PC definition distinguishes from authors-pioneers, emphasizing individual’s subjective perceptions (Rousseau 1989).

## *2.2 Characteristics of Psychological Contract*

Only one definition of PC does not exist in the world of science because each author defends its own perspective. However, there are place for some common characteristics of this concept.

First of all, it is important to emphasize that PC is a non-formal agreement and is described as an implicit and unspoken expectations in the relationship between

employer and employee (Anderson & Schalk, 1998). Other of the main characteristics is subjectivity (Rousseau, 1995) because individuals, forming their own PC, have their unique perceptions that differ between them. PC can also be characterized as dynamic (Shore & Tetrick, 1994), due to the changes it suffers over time. Changes in working conditions, accumulation of experiences are some of the reasons that can provoke reevaluations and reinterpretations by employee and so, initial PC will not be the same in some years (Rousseau & Parks, 1993). Morrison (1994) states also that changes occur without any formal recognition by employees and organization. Other important feature is mutuality. This mutuality is based on reciprocal obligations that both parties promise to each other in non-formal communication (Dabos & Rousseau, 2004). Consequently, the expectations are created and each party invests in the relationship in order to obtain positive outcomes. Nevertheless, this characteristic has some contrariety. It was mentioned before that Rousseau has focused her perspective only on the individual level, claiming that organizations by itself do not form PC, as they cannot perceive, and PC only exist in the mind of individuals (Rousseau, 1989). Finally, the concept is used to highlight the relationship between employer and employee. They cannot create PC separately, following the idea of Schalk and Freese (1993), cited in Anderson & Schalk (2009), by contrast, PC is the result of strong interaction between two parties.

### *2.3 Types of Psychological Contracts.*

PCs, although their uniqueness, were divided into two types: *transactional contracts* and *relational contracts*. Transactional contracts are characterized generally by short-term periods, exchange of specific quantifiable elements, absence of long-term commitments, employment of individuals with specific skills in order to meet the

organizational needs, competitive wage rates, weak integration and high turnover (Rousseau, 1990).

On the other side, relational contracts involve long-term agreements, exchange of both elements, quantitative and qualitative, and are more subjective (Robinson, Kraatz & Rousseau, 1994). Organizations with this type of PCs usually provide extensive trainings for their employees and development opportunities, accompanied by long-term career path.

Summarizing, it is possible to affirm that transactional contracts are generally formed due to economic exchanges while relational contracts are shaped because social exchanges occur (Rousseau 1989).

Over time, changes made emerge new contractual forms. Rousseau (1995) developed a new model, adding to the previous model two types of contracts that result from the cross of two main dimensions: contract's duration and performance terms, as it displayed below (Table I):

Table I: Types of Psychological Contract

Performance terms			
Specified	Unspecified		
<i>Transactional</i>	<i>Transitional</i>	Short-term	Duration
<i>Balanced</i>	<i>Relational</i>	Long-term	

Source: Rousseau (2000)

Transitional contracts are not considered as real PC itself, but a cognitive state that is influenced by organizational changes (Rousseau, 2000). This type of contract is established between parties in situations of instability within organization and reflects consequences of transition from contracts formed previously. The feelings that prevail



are uncertainty, distrust, weak expectations relatively to the future relationship (Oliveira 2011 citing Cunha, et.al. 2006)

Balanced contracts are defined by Rousseau (2000) as ‘dynamic and open-ended employment arrangements conditioned on economic success of firm and worker opportunities to develop career advantages’. This form is a consequence of the combination of characteristics from relational and transactional types of contract, such as commitment, loyalty, focus on goals, etc. Thus, both parties are encouraged to contribute to the continuous learning and development (Rousseau, 2000).

#### *2.4 Hypothesis*

Private, Public organizations and NGOs, being part of profit and non-profit sectors, despite presenting some similarities, have relevant differences that are based primarily in their legal environments, by other words, in the aspects related to the distribution of their earnings and to the mission that organizations aim to achieve in society (Lee and Wilkins 2011). NGOs are prohibited to distribute their net earnings, due to the difficulty of monitoring of their activities, while in the for-profit sector do exist stakeholders, consumers and employees who can control and guarantee the efficient distribution of resources. Other difference consists in discrepancies in terms of environmental factors, processes, structures, employee characteristics, reporting structure, etc (Blank 1985; Brown et al. 2000; Goodin 2003; Kearns 1994; Rainey, Backoff, and Levine 1976 cited in Lee and Wilkins 2011). This way, as individuals choose the organization they want to work for and, at the same time, organizations also choose specific worker’s profile, the group of employees within these organizations will be similar, however, will differ across sectors. As a consequence, their perception of PCs will be influenced by

organizational characteristics (Rousseau 1995 cited in Bellou 2007). Therefore, in line with this statement and Problem 1, we test the main hypothesis of this research that is the following:

**H1:** *The type of the organization influences the creation of specific type of PC.*

Some researches were realized to examine the existing differences between views of PC contract by individuals within Private and Public organizations. In the United Kingdom, Herriot and his colleagues in 1997 (Bellou 2007) did not supported their hypothesis in finding significant discrepancies. On the other hand, the research of Guest and Conway (2001), (cited in Cullinane and Dundon 2006), conducted through 2000 workers among private and public sectors in UK, evidenced the positive support of PC. Job-security, respect for personal life, support for personal problems were more valuable by employees from Public organizations. Later, Janssens, Sels & Van Den Brande (2003) turned to the study of PCs, amongst Belgian employees of private, public, profit and nonprofit organizations and identified six types of PC: weak, instrumental, investing loyal, unattached and strong. The conclusion showed that Belgian public workers had expectations to be long-term involved in the organization and to be equally treated. Moreover, according to Castaing (2006), type of expectations among public service employees are considered as more relational, while administrative expectations can be viewed as more transactional. The reason is rooted to the principles implied by Public organizations that individuals highly valorize. These examples of previous researches move to the conclusion that in scientific world is still no unique and consistent opinion relatively to the predominant types of PC within sectors and organizations.

In this work we present two types of organizations that are carrying out public needs: Public organizations and NGOs. NGO is defined by Willets (2002) as ‘an independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money or illegal activities’. One of the distinctions between these two organizations is that NGOs are independent from governmental representativeness in the membership and, moreover, non-profit organizations set more family-friendly policies (Hakim 2006; Hohl 1996, McKenney 2007, SHRM 2001 cited in Lee & Wilkins 2011). Thus we can suggest that the working atmosphere, relationship with employer and organization in NGO is more familiar, harmonious and respectful and these reasons will influence positively the expectations of employees. Additionally, the sense of being “helpful to society”, doing something “worthwhile” important and feeling proud of being part of an organization that aims relevant mission, can contribute to the positive perception of their work and tasks (Taylor, 2008). As a consequence, we expect to support the previous finding and to prove the suggestion that at NGOs the type of PC will be the relational one.

According to these assumptions, other hypothesis of this work is:

**H2:** *The type of PC that prevails in NGOs is relational.*

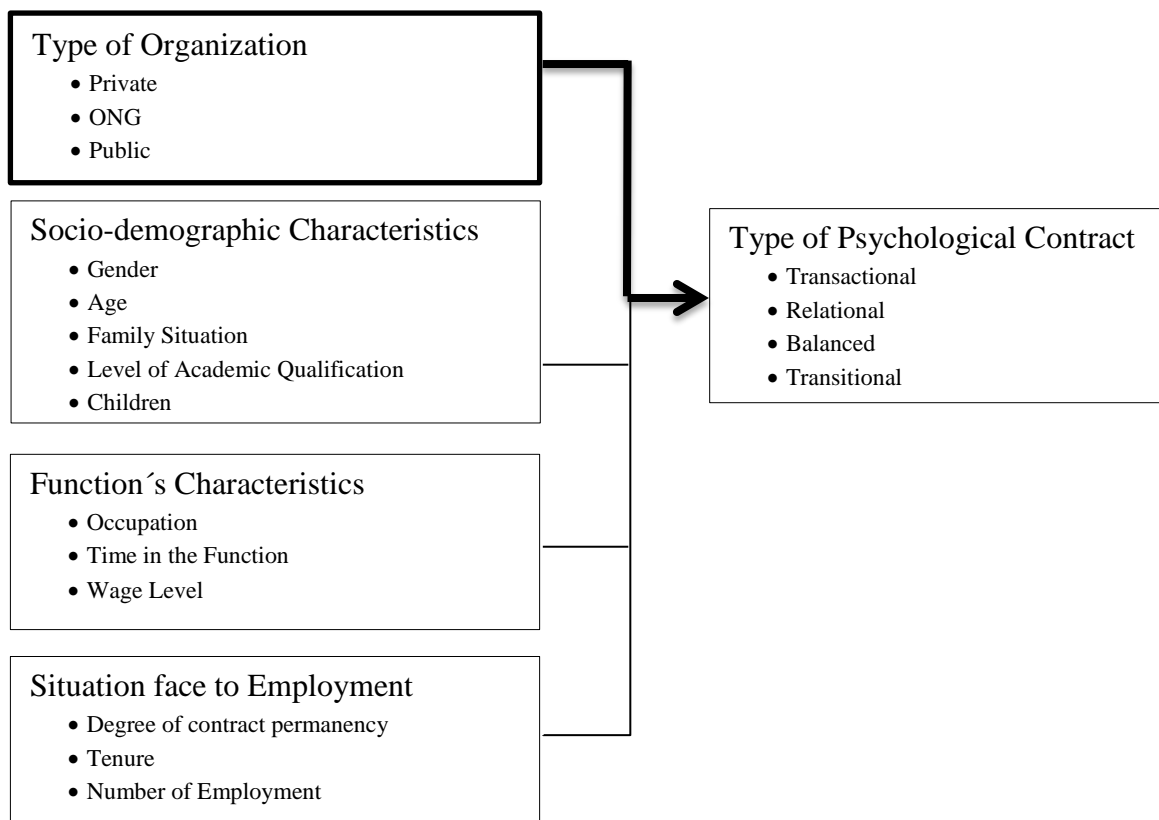
### **3. Methodology**

#### *3.1 Research Design*

For the analyses process it was designed the model, presented below at the Figure I, which considered all relevant aspects necessary to the investigation of Problem 1 and Problem 2. It served as the basis for the development of questionnaires delivered to employees from three types of organizations.

Research design consisted of independent and dependent variables. Independent variables included type of the organization, socio-demographic characteristics, function's characteristics and situation face to employment, while depended variable was composed by four types of PCs. Through this model was analyzed the influence of independent variables to the dependent, the predominance of specific type of PC in different organizations as well it was also possible to understand better the sample of the research. Socio-demographic, function's characteristics and situation face to employment were added to the research design with the purpose to take advantage of the questionnaire and to explore what characteristics additionally could influence formations of specific types of PC.

Figure I: Research Design



### *3.2 Sample*

Due to the aims of study, there was some attention to achieve proportionality in the number of responses and so was used stratified random sampling. The main criteria for identification of respondents were: belong to one of the three organizations designated above and exercise professional activity in Portuguese territory. Private organizations that agreed to cooperate operated in banking & insurance, communication, telecommunication, television, consulting, consumer products, food & beverages, sales and hotels industry. Employees from Public sector organizations operated in education, banking, services, citizenship and health. NGO's employees were part of private voluntary organizations, civil society NGOs, independent sectors and self-help organizations.

Regarding procedures followed, the letter was sent to the organizations through e-mail. It contained the explanation of the study's purpose, request for participation in completing the questionnaire and the link through which employees could access the survey. Full anonymity and confidentiality was ensured. Some part of questionnaires was also delivered in paper within organizations, namely Private and NGOs. The rate of returned questionnaires in paper was 48%, however, these ones were fully and correctly completed. In total were obtained 171 responses: 63 from Private organizations, 64 from Public and 44 from NGOs.

A majority of respondents were women (64%), single (49%), without children (53%), with the average age of 37 years (standard deviation of 12 years), having bachelor degree (56%), with monthly salary between 750 and 1500 euros (37%), remaining in the organization (33%) and in the same function (30%) for more than 10 years. The information in detail can be consulted in the Table V (Appendices). Overall, the profile

of respondents from Private organizations was more similar with the profile of NGO's employees. The difference was more visible in the percentages in characteristic such as "Time on the function", "Wage Level" and "Occupation". Respondents from NGO's, comparing to Private sector, remain for less time at the same function, are from higher hierarchical levels and the majority have higher monthly wage amount. Public organization's employees show the results quite different from other two organizations: majority of respondents are married, have children, have higher monthly salary, work at the same function for more than 10 years and that is their first job.

### *3.3 Tools*

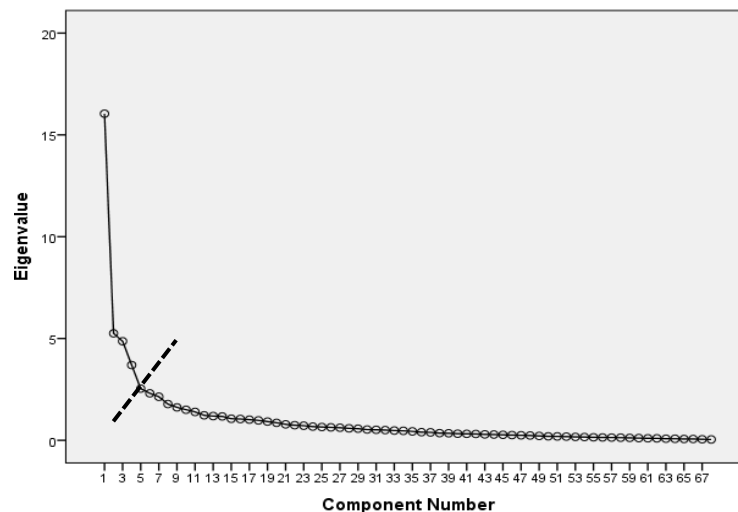
The central source of the questionnaire belongs to Rousseau's Inventory of PC (2000), however, in this study was used translated version of it to Portuguese language (Oliveira 2011). The questionnaire was divided in two parts: Part I contained a set of questions about independent variables and Part II was composed of 68 questions about PC – questions that could represent employee's perceptions about their organization's/ their own obligations and their relationship with employer. The group of questions within Part II represents four types of contract: balanced, relational, transactional and transitional. Participants were asked to respond through a five-point Likert scale: from 1= "not at all" to 5= "to a great extent".

The first step of statistical analysis was to study the internal metric quality of our PC survey. Initially we identified Coefficient Cronbach's Alpha in order to examine internal consistency. According to Cortina (1993), "It is a function of the extent to which items in a test have high communalities and thus low uniqueness (...) It is also a function of interrelatedness". The result obtained was  $\alpha = .77$  that is acceptable for research (Cortina 1993) and proves internal consistency. Cronbach's Alphas of each

type of PC individually are closed to .7 which numbers are also acceptable (Table VI in Appendices).

The second step was to execute Factor Analysis of the principal components with varimax rotation in order to confirm or disconfirm the theoretical model (Fortin 1999 cited in Oliveira, 2011) used in this research. After analyzing the scree plot, presented below (Figure II), looking to the slope of the curve we concluded that there were clearly expressed 4 factors.

Figure II: Factor Analysis - Scree Plot



Thus, it was forced statistical program by specifying exactly 4 factors to extract and we achieved rotated component matrix (Table VII in Appendices), which showed the factor loading for each variable. The total variance explained in this case was 43.9%. First, it was highlighted the factor that each variable reached values superior to  $\pm .4$ . After analyzing these factor loadings, we suggest that factors represented: the factor 1 - “Transitional”, factor 2 - “Balanced”, factor 3 - Transactional” and factor 4 - “Relational” types of PC. As a consequence, it was achieved similar interpretation to the original model, however, not the identical one. This result can be explained by the small

sample's size relatively to the number of items (68). Due to this, it was not possible to produce the output highly reliable. However, four types of PC explained 43% of the variance explained, KMO and Bartlett's Test revealed adequacy of the Factorial Analysis (KMO = .832; Bartlett's Test  $X^2 = 8096.55$ ;  $p = .00$ ). Additionally, the Coefficient Cronbach's Alpha showed good value ( $\alpha > .7$ ), that gave us a reason to proceed the study, accepting the theoretical model.

Other step of statistical analysis included Correlation Test of independent variables in order to visualize the degree of relationship between them. It was computed correlation matrix, displayed at Table VIII (Appendices), where were found three strong correlations (greater than .7): 1 - positive correlation between children and age (.809), because when individuals get older, they usually create their families and start to have children; 2 – positive relationships between time at the function and tenure (.898): as more employees stay at the same function, more time they spend in the organization; 3 – negative correlation between children and family situation (-.79). It can be explained by the fact that in order to analyze the data in statistical program, “Married” family situation was classified as “-1”, to “Single” situation was attributed the number “1” and for “Divorced/Widower” respondents was allowed number “0”. Thus the interpretation of the negative correlation is similar to the logic from the 1<sup>st</sup> case: when employees become married, there is more probability they have children.

Besides these three statistically strong relationships, no other pairs of variables were found correlated above .70, so we believe that multicollinearity is not a significant issue among the variables study. Thus, considering the framework reliable and valid, statistical analysis proceeded to the ANOVA test and others, important to analyze the main hypothesis of the research.



#### 4. Analysis and Interpretation

Confirming the validity and internal consistency of the model, it was computed the ANOVA test, which results are introduced in Table II presented below, in order to support our main expectation (H1). Reported results show us that we have statistically significant differences between group means (types of organizations): p-value for all dependent variables (types of PC) is below than .05.

Table II: ANOVA Test

		Sum of Squares	df	Mean Square	F	Sig.
Balanced	Between Groups	4576.5	2	2288,2	9,38	<b>0.00**</b>
	Within Groups	40971.8	168	243,9		
	Total	45548.3	170			
Relational	Between Groups	1083.5	2	541,8	5,48	<b>0.005**</b>
	Within Groups	16621.2	168	98,9		
	Total	17704.7	170			
Transactional	Between Groups	561.4	2	280,7	3,22	<b>0.042*</b>
	Within Groups	14627.5	168	87,1		
	Total	15188.9	170			
Transitional	Between Groups	8584.9	2	4292,5	33,60	<b>0.000**</b>
	Within Groups	21461.7	168	127,7		
	Total	30046.7	170			

\*\* statistically significant at the 1% level, \* at 5% level

This means that different types of organizations affect the creation of different types of PC. Additional test, Post-Hoc Test of Multiple Comparisons (Table IX in Appendices), contains the information about which group exactly differ within the whole group. For instance, it is evident that balanced PC in NGO is significantly different from balanced PC in Private and Public organizations or that relational PC in NGO is statistically different from relational PC in Private organization. According to these findings, we conclude that the central hypothesis H1 is accepted: the type of the organization influences the creation of specific type of PC.

Through the test ANOVA it was also possible to verify what the predominant type of contract at NGOs is, confirming or rejecting this way the H2: the type of PC that prevails in NGOs is relational.

Looking to mean's column in the Table III, the results allow us to affirm that employees at NGOs create relational and balanced relationship with their employers: the means are 54.41 and 86.95 respectively for these two groups. Additionally, in Private organizations the predominant type of contract is the transactional one and in Public organizations employees seem to create transitional relationship.

Table III: Descriptive statistics for type of PC for each type of organization.

		N	Mean	Std. Deviation	Minimum	Maximum
Balanced	Private	63	77,03	14,99	47	113
	NGO	44	<b>86,95</b>	15,26	43	110
	Public	64	74,00	16,44	32	103
Relational	Private	63	47,95	9,30	26	70
	NGO	44	<b>54,41</b>	9,35	34	74
	Public	64	50,31	10,91	30	74
Transactional	Private	63	<b>44,62</b>	9,18	24	65
	NGO	44	40,14	8,19	24	59
	Public	64	41,77	10,17	22	64
Transitional	Private	63	30,56	11,73	12	57
	NGO	44	23,14	8,92	12	48
	Public	64	<b>40,88</b>	12,29	14	60

Through the Test Friedman for related-samples it was possible to construct the ranking of means and find out that in NGOs, balanced type of contract has the Mean Rank of 3.45; relational – 3.03; transactional 2.03 and transitional – 1.48 (Chi-Square of 65.077, p-value = .000).

Therefore, these results allow us to affirm that generally, at NGOs employees create relational and balanced types of PC. The difference between mean ranks of these two types of contract is not big, only 0.42. However, after realizing other Friedman test in

order to examine the existence of the significant statistical difference between balanced and relational types of PC, we get the positive conclusion ( $\chi^2 = 4.46$ ;  $p = .035$ ).

The appearance of the balanced type in this result can be explained by the fact that NGOs create opportunities for their employees of external employability, one of the components of balanced type of PC. These organizations create many partnerships, as they have to found financial donations in order to sustain their projects and programs (Willems, 2002). Thus, employees are frequently exposed to external employers. Therefore, the H2 is partially accepted, as we consider that at NGOs prevail two types of contract: relational and balanced.

Having the data, we also tried to discover which other characteristics, independently and together, could influence the creation of specific type of PC. Through the test ANOVA it was evident that balanced and transitional types of PC were influenced by more characteristics, independently, than relational and transactional types (see Table IV).

Table IV: ANOVA Test

	Balanced		Relational		Transactional		Transitional	
	F	p-value	F	p-value	F	p-value	F	p-value
Gender	0.10	0.75	0.96	0.33	4.11	<b>0.04*</b>	0.18	0.67
Family Situation	5.22	<b>0.01**</b>	0.69	0.51	0.14	0.87	6.51	<b>0.00**</b>
Level of Academic Qualification	3.59	<b>0.02*</b>	2.50	0.06	3.09	<b>0.03*</b>	3.69	<b>0.01**</b>
Children	20.41	<b>0.00**</b>	1.40	0.24	0.19	0.66	17.18	<b>0.00**</b>
Type of Contract	0.94	0.42	2.15	0.10	1.84	0.14	4.26	<b>0.01*</b>
Tenure	5.45	<b>0.00**</b>	0.79	0.50	0.73	0.54	15.48	<b>0.00**</b>
Number of Employment	2.89	<b>0.04*</b>	1.77	0.15	0.67	0.57	4.62	<b>0.00**</b>
Occupation	1.07	0.38	0.18	0.97	0.98	0.43	1.66	0.15
Time at the Function	8.62	<b>0.00**</b>	0.53	0.66	0.75	0.52	15.72	<b>0.00**</b>
Wage Level	2.31	<b>0.05*</b>	0.70	0.62	2.37	<b>0.04*</b>	6.43	<b>0.00**</b>
Type of Organization	9.38	<b>0.00**</b>	5.48	<b>0.00**</b>	3.22	<b>0.04*</b>	33.60	<b>0.00**</b>

\*\* statistically significant at the 1% level, \* at 5% level

Within transactional type, characteristics such as gender, level of academic qualification and wage level play an important role in the formation of PC: p-value is less than .05.

Within relational type, surprisingly, there is only one characteristic, except type of organization tested before, that is statistically significant. Transitional type is not influenced, among all independent variables, by gender and type of the function, while balanced is not influenced by the same characteristics and, additionally, by the type of contract. However, different scenarios we obtain when realize Stepwise Regression – test through which is possible to see what variables, putting them all together, will influence the PC (Table X in Appendices).

Within balanced type, from 8 characteristics statistically significant independently, only 4 of them are significant when all characteristics are combined. Similar scenario is happening within transitional type: from 9 only 3 of them influence the PC. It also seems to appear that Public organization influences positively this type of PC, while NGO has negative impact.

Relatively to the relational type, it is interesting to see that contrary to the test ANOVA, in this case there are 3 characteristics that together start to influence PC. Two of them, Type of Contract and Level of Academic Qualification execute negative impact: higher the degree of contract permanency and educational level, the weight of the Relational type of PC decreases.

Finally, transactional type of PC showed other curious fact: it is influenced negatively by “Female” gender. The explanation could be the fact that women, according to Konrad et.al. (2000), cited in Oliveira (2011), give more importance to the physical environment, prestige, job security, growth/development, good colleagues etc and as it was explained in the previous part of this study, these characteristics generally are not related to transactional type of PC.

It is also important to refer that Stepwise Regression give us the possibility to examine the unique effects of each characteristic to the specific type of PC. We can find that NGO has positive significant predictor power for the balanced and relational types of PC (respectively  $\beta = .24$ ;  $p = .00$  and  $\beta = .20$ ;  $p = .01$ ) and negative for the transitional type ( $\beta = -0.29$ ;  $p = .00$ ), confirming this way once again our hypotheses.

## **5. Conclusions**

This study aimed to identify the role of the type of organization on the formation of the PC (H1) and the prevalent type of PC in NGOs (H2).

According to the findings, the principal hypothesis of this study was supported: type of organization influences the formation of specific type of PC: relational, balanced, transactional and transitional. This is an interesting result as it shows that different types of organizations, due to their context, their policies, and other characteristics become significant antecedents of the employee's expectations and consequently their behaviours and attitudes. This can be an important knowledge provided to HR agents that can help them to adopt right strategies in management of their human capital.

Then, according to the results, it was discovered that employees from NGOs create mostly two types of contract with their employers: relational and balanced. Mean Ranking of these types of PC showed values very close to each other. Besides the first place in the ranking is occupied by balanced type of contract, we can affirm that the relational also has a great weight, and so, the H2 was partially accepted. Additionally, it was discovered that employees from Private organizations form mostly transactional contracts and Public workers are characterized by transitional relations with their employers.

Through the analysis it was found that there are different scenarios when we examine the influence of independent variables on the PC independently and putted together. Generally, independently, there exist more characteristics that influence type of PC then in combination. One of the reasons is that when characteristics are tested in combination, some of them cancel out each other. On the other hand, some independent variables covary and as a result there stay only most important variables, those which mostly affect the type of PC. As in the real life individuals live in the dynamic world and constantly are influenced by a large number of characteristics/variables, it is important to have higher attention to the test which considers the combination of all variables.

According to our findings, there was not found any other variable, except type of organization, which could influence the formation of all types of PC. Among all independent variables analyzed, more closely were “level of academic qualification” and “wage level”, however, these characteristics did not show significant effect on the relational type of PC. This demonstrates that does not exist any standard of socio-demographic or function’s characteristics in order to employee create specific type of PC. Employees with completely different characteristics can create the same type of PC.

Finally, we could say that this study represents interesting results for scientific world and organizations in Portugal and that would be interesting to realize the same study among Private, Public and NGOs in other countries of the world and compare the findings.

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## 7. Appendices

Table V: Sample

	Type of Organization	Private		NGO		Public		Total	
Characteristic		Count	%	Count	%	Count	%	Count	%
Gender	Male	28	44%	14	32%	20	31%	62	36%
	Female	35	56%	30	68%	44	69%	109	64%
Family Situation	Married	19	30%	13	30%	35	55%	67	39%
	Divorced/Widower	3	5%	6	14%	11	17%	20	12%
	Single	41	65%	25	57%	18	28%	84	49%
Level of Academic Qualification	Basic Education	5	8%	2	5%	1	2%	8	5%
	Secondary Education	9	14%	6	14%	5	8%	20	12%
	Graduation	34	54%	20	45%	42	66%	96	56%
	Master	12	19%	14	32%	12	19%	38	22%
	Other	3	5%	2	5%	4	6%	9	5%
Children	Yes	22	35%	13	30%	46	72%	81	47%
	No	41	65%	31	70%	18	28%	90	53%
Type of Contract	Does not exist	3	5%	14	32%	0	0%	17	10%
	Service Delivery	6	10%	2	5%	3	5%	11	6%
	Fixed term contract	23	37%	13	30%	15	23%	51	30%
	Permanent	31	49%	15	34%	46	72%	92	54%
Tenure	Less than 1 year	16	25%	11	25%	9	14%	36	21%
	From 1 to 5 years	27	43%	17	39%	7	11%	51	30%
	From 5 to 10 years	14	22%	11	25%	3	5%	28	16%
	More than 10 years	6	10%	5	11%	45	70%	56	33%
Number of Employment	1.º	12	19%	9	20%	42	66%	63	37%
	2.º	15	24%	12	27%	8	13%	35	20%
	3.º a 5.º	27	43%	14	32%	10	16%	51	30%
	> 5.º	9	14%	9	20%	4	6%	22	13%
Occupation	Team Member	4	6%	6	14%	13	20%	23	13%
	Qualified Professional	30	48%	7	16%	16	25%	53	31%
	Qualified Professional (Specialized)	16	25%	5	11%	7	11%	28	16%
	Highly Qualified Professional	4	6%	1	2%	3	5%	8	5%
	Team Leader	3	5%	8	18%	1	2%	12	7%
	Manager	6	10%	17	39%	24	38%	47	27%
Time at the Function	Less than 1 year	19	30%	16	36%	9	14%	44	26%
	From 1 to 5 years	27	43%	13	30%	9	14%	49	29%
	From 5 to 10 years	11	17%	11	25%	5	8%	27	16%
	More than 10 years	6	10%	4	9%	41	64%	51	30%
Wage Level	Not remunerated	0	0%	13	30%	0	0%	13	8%
	Less than or equal to 485 euros	4	6%	2	5%	0	0%	6	4%
	From 485 to 750 euros	27	43%	8	18%	6	9%	41	24%
	From 750 to 1500 euros	20	32%	19	43%	25	39%	64	37%
	From 1500 to 2500 euros	7	11%	2	5%	27	42%	36	21%
	More than 2500 euros	5	8%	0	0%	6	9%	11	6%

Table VI: Test Cronbach's Alpha

Type of Psychological Contract	Cronbach's Alpha	Items
Balanced	0.917	24
Relational	0.791	16
Transactional	0.691	16
Transitional	0.932	12

Table VII: Component matrix – 4 Factors

	Component			
	1	2	3	4
Q. 1	0.054	0.013	<b>0.403</b>	0.052
Q. 2	<b>0.694</b>	0.179	0.042	-0.051
Q. 3	-0.104	-0.155	0.121	0.17
Q. 4	<b>0.577</b>	0.34	0.112	0.119
Q. 5	<b>0.781</b>	0.284	0.077	0.176
Q. 6	<b>0.612</b>	0.183	0.152	0.112
Q. 7	<b>0.426</b>	0.093	-0.223	0.368
Q. 8	-0.189	-0.082	0.243	-0.016
Q. 9	<b>0.693</b>	0.165	0.027	0.073
Q. 10	-0.086	-0.186	0.124	0.286
Q. 11	<b>0.757</b>	0.145	0.05	0.146
Q. 12	<b>0.739</b>	0.212	0.151	0.208
Q. 13	<b>0.747</b>	0.237	0.146	0.068
Q. 14	<b>0.402</b>	0.081	-0.066	0.362
Q. 15	-0.156	-0.108	0.247	0.092
Q. 16	<b>0.582</b>	0.282	0.047	0.166
Q. 17	0.075	-0.009	-0.146	<b>0.477</b>
Q. 18	<b>0.778</b>	0.285	0.027	0.177
Q. 19	<b>0.749</b>	0.326	0.085	0.14
Q. 20	<b>0.568</b>	0.127	0.172	0.087
Q. 21	<b>0.467</b>	0.042	-0.163	<b>0.484</b>
Q. 22	0.126	-0.006	0.221	0.137
Q. 23	<b>0.716</b>	0.204	0.048	0.111
Q. 24	-0.02	-0.202	-0.011	<b>0.505</b>
Q. 25	<b>0.639</b>	0.294	0.096	0.065
Q. 26	<b>0.719</b>	0.269	0.068	0.147
Q. 27	<b>0.597</b>	0.212	0.3	-0.181
Q. 28	0.364	0.041	-0.134	0.373
Q. 29	0.084	-0.127	<b>0.565</b>	-0.003
Q. 30	-0.035	<b>0.478</b>	-0.126	0.016
Q. 31	-0.157	-0.434	0.208	0.37
Q. 32	0.069	<b>0.605</b>	0.021	-0.021
Q. 33	0.197	<b>0.715</b>	0.129	-0.002
Q. 34	-0.053	0.345	<b>0.402</b>	-0.075

	Component			
	1	2	3	4
Q. 35	0.173	0.206	-0.393	<b>0.517</b>
Q. 36	-0.32	0.03	<b>0.569</b>	-0.06
Q. 37	-0.045	0.096	-0.286	0.27
Q. 38	-0.152	-0.502	0.298	<b>0.41</b>
Q. 39	0.137	0.394	0.02	0.035
Q. 40	0.217	<b>0.686</b>	0.004	0.19
Q. 41	0.196	0.17	<b>0.586</b>	-0.164
Q. 42	0.171	0.282	<b>-0.483</b>	<b>0.467</b>
Q. 43	-0.049	-0.157	<b>0.626</b>	-0.07
Q. 44	0.17	0.396	-0.188	-0.146
Q. 45	-0.069	<b>-0.537</b>	0.214	0.302
Q. 46	0.033	0.64	-0.172	0.043
Q. 47	0.318	<b>0.517</b>	0.043	0.036
Q. 48	0.249	0.201	<b>0.484</b>	-0.091
Q. 49	0.096	0.295	<b>-0.47</b>	<b>0.429</b>
Q. 50	-0.005	-0.092	<b>0.609</b>	-0.049
Q. 51	-0.167	0.392	0.138	0.074
Q. 52	-0.095	<b>-0.537</b>	0.252	0.323
Q. 53	0.183	<b>0.712</b>	0.022	0.046
Q. 54	0.04	<b>0.692</b>	0.171	-0.092
Q. 55	0.046	0.192	<b>0.638</b>	-0.164
Q. 56	-0.329	-0.042	-0.017	<b>0.489</b>
Q. 57	-0.6	-0.005	0.082	0.355
Q. 58	-0.68	0.064	0.229	0.257
Q. 59	<b>-0.669</b>	-0.073	0.169	0.313
Q. 60	<b>-0.659</b>	0.011	0.137	0.317
Q. 61	<b>-0.756</b>	0.074	0.203	0.202
Q. 62	<b>-0.78</b>	0.079	0.115	0.203
Q. 63	<b>-0.753</b>	0.091	0.154	0.295
Q. 64	<b>-0.762</b>	0.134	0.107	0.129
Q. 65	<b>-0.74</b>	0.072	0.132	0.143
Q. 66	<b>-0.72</b>	0.05	0.092	0.327
Q. 67	<b>-0.752</b>	0.182	0.11	0.074
Q. 68	-0.175	-0.028	-0.151	0.359

Table VIII: Mean, Standard Deviation and Pearson Correlations

	Mean	St.D	Gender	Age	Family Situation	Level of Acad. Qualif.	Children	Degree of contract permanency	Time in Org.	N° of Employment	Occupation	Time at Function	Wage Level	Type of Org.
Gender	0.64	0.48	1											
Age	37.2	12.29	0	1										
Family Situation	0.1	0.94	-0.1	-.679**	1									
Level of Acad. Qualif.	3.01	0.75	-0.1	-0.1	0.1	1								
Children	0.47	0.5	0.1	.809**	-.790**	-.165*	1							
Degree of contract permanency	3.27	0.96	0	.230**	-.317**	.178*	.301**	1						
Time in Org.	2.61	1.15	0.1	.694**	-.580**	-0.1	.651**	.496**	1					
N° of Employment	2.19	1.07	0	0.1	0	-0.1	0	-.209**	-.236**	1				
Occupation	3.43	1.87	0	.155*	-0.1	.233**	0.1	0.1	0.1	0	1			
Time at Function	2.5	1.17	0.1	.670**	-.528**	-0.1	.620**	.446**	.898**	-.177*	0.1	1		
Wage Level	3.8	1.23	-.153*	.202**	-.167*	.332**	.183*	.664**	.420**	-.240**	0.1	.393**	1	
Type of Org.	0.01	0.86	0.1	.383**	-.284**	0.1	.320**	.167*	.434**	-.362**	.163*	.428**	.284**	1

\*\* statistically significant at the 1% level, \* at 5% level

Table IX: Post-Hoc Test, Multiple Comparisons

Dependent Variable			Mean Difference (I-J)	Std. Error	95% Confidence Interval	
					Lower Bound	Upper Bound
Balanced	Private	NGO	<b>-9.92280*</b>	2.98	-17.12	-2.73
		Public	3.03	2.79	-3.67	9.73
	NGO	Private	<b>9.92280*</b>	2.98	2.73	17.12
		Public	<b>12.95455*</b>	3.08	5.5	20.4
	Public	Private	-3.03	2.79	-9.73	3.67
		NGO	<b>-12.95455*</b>	3.08	-20.4	-5.5
Relational	Private	NGO	<b>-6.45671*</b>	1.83	-10.89	-2.03
		Public	-2.36	1.8	-6.68	1.96
	NGO	Private	<b>6.45671*</b>	1.83	2.03	10.89
		Public	4.1	1.96	-0.64	8.83
	Public	Private	2.36	1.8	-1.96	6.68
		NGO	-4.1	1.96	-8.83	0.64
Transactional	Private	NGO	<b>4.48268*</b>	1.69	0.4	8.57
		Public	2.85	1.72	-1.27	6.98
	NGO	Private	<b>-4.48268*</b>	1.69	-8.57	-0.4
		Public	-1.63	1.77	-5.91	2.65
	Public	Private	-2.85	1.72	-6.98	1.27
		NGO	1.63	1.77	-2.65	5.91
Transitional	Private	NGO	<b>7.41919*</b>	2	2.6	12.24
		Public	<b>-10.31944*</b>	2.13	-15.44	-5.2
	NGO	Private	<b>-7.41919*</b>	2	-12.24	-2.6
		Public	<b>-17.73864*</b>	2.04	-22.66	-12.82
	Public	Private	<b>10.31944*</b>	2.13	5.2	15.44
		NGO	<b>17.73864*</b>	2.04	12.82	22.66

\*. The mean difference is significant at the 0.05 level.

Table X: Stepwise Regression

Characteristic	Model 1: Dependent Variable: Balanced	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	69.93	1.7		41.14	0
Tyme in the Function	Less than 1 year	10.34	2.57	0.28	4.02	0
Type of Organization	NGO	8.85	2.58	0.24	3.43	0
Numeber of Employment	2nd	7.68	2.78	0.19	2.76	0.01
Wage level	From 750 to 1500	5.38	2.31	0.16	2.33	0.02

$R^2=.24$ ; Adjusted  $R^2=.22$ ;  $F=12.74$ ;  $p=.00$

Characteristic	Model 2: Dependent Variable: Relational	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	51.74	1.28		40.42	0
Type of Organization	NGO	4.58	1.72	0.2	2.67	0.01
Degree of contract permanency	Service Delivery	-7.36	3.04	-0.18	-2.42	0.02
Level of Academic Qualification	Graduation	-3.46	1.51	-0.17	-2.29	0.02

$R^2=.11$ ; Adjusted  $R^2=.09$ ;  $F=6.67$ ;  $p=.00$

Characteristic	Model 3: Dependent Variable: Transactional	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	43.15	1.2		36.04	0
Wage level	From 485 to 750 euros	5.42	1.64	0.25	3.31	0
Gender	Female	-3.64	1.45	-0.19	-2.51	0.01
Wage level	Less than 485 euros	7.55	3.8	0.15	1.98	0.05

$R^2=.10$ ; Adjusted  $R^2=.08$ ;  $F=5.98$ ;  $p=.00$

Characteristic	Model 4: Dependent Variable: Transitional	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	34.68	1.68		20.69	0
Type of Organization	Public	8.42	1.95	0.31	4.33	0
Tenure	Less than 1 year	-8.69	2.01	-0.27	-4.32	0
Type of Organization	NGO	-8.73	2.17	-0.29	-4.02	0
Type of the Function	Qualified Professional	-4.03	1.84	-0.14	-2.19	0.03

$R^2=.38$ ; Adjusted  $R^2=.36$ ;  $F=24.90$ ;  $p=.00$